The Chartered Surveyors' Institution

(Incorporated by Royal Charter),

12, GREAT GEORGE STREET, WESTMINSTER, S.W.1.

PATRON:

HIS MAJESTY KING GEORGE VI.

TRANSACTIONS

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SESSION 1942-43.

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1942 *Geoffrey Leslie Vigers*

(The names of those deceased are printed in italics.)

AFFILIATED SOCIETY:

The Chapter of South Africa Quantity Surveyors (within The Institute of South African Architects).
Secretary:
J. S. LEWIS, 84, Walter Wise's Building, Joubert Street, Johannesburg.

VOL. LXXV. PART I.

Transactions of The Chartered Surveyors' Institution

SESSION 1942–3.

AT THE ORDINARY GENERAL MEETING

Held at the Chartered Surveyors' Institution on Tuesday, 9th February, 1943.

Mr. W. C. FARNSWORTH (President) in the Chair.

NEW MEMBERS.

The following new members were received by the President prior to the meeting and signed the Register :—

Professional Associates :

CLIFTON, GERVASE
COWIE, WILLIAM BELL
KING, GORDON REX
THOMAS, GWYNN ROLAND
CROSS, FRANK HENRY

A DISCUSSION took place on

THE REPORT OF THE UTHWATT COMMITTEE ON COMPENSATION AND BETTERMENT.

The PRESIDENT, extending a very hearty welcome to the many members present at the first Ordinary General Meeting of the Institution held since May, 1940, said that the subject of discussion was probably one of the most important and involved with which the Institution had had to deal for many years. If the Uthwatt Report were adopted, even in a greatly modified form, it would materially affect the property owners of this country and also the work which members of the Institution carried out.

THE DEVELOPMENT RIGHTS SCHEME.

Mr. SYDNEY A. SMITH (Fellow) in introducing the discussion on the proposed acquisition of development rights by the State, began by reminding members that the Uthwatt Committee came into being in January, 1941, as a result of the Report of the Barlow Commission on the Distribution of Industrial Population. A comprehensive proposal had been placed before that Commission for the acquisition by the State of the development rights of the undeveloped land of Great Britain, and the Commission had recommended that the Government should appoint a body of experts to examine the question of compensation, betterment and development generally.

The Uthwatt Committee's Report, continued Mr. Smith, began with two assumptions and its recommendations were based thereon, namely :—

(*a*) That national (as opposed to local) planning would be a reality and a permanent feature of the administration, and that this would involve a subordination to the public good of the personal interests and wishes of landowners.

(*b*) That the national planning must be conducted with a high degree of initiation and control by the Central Planning Authority– with national as well as local interests in mind and the backing of national financial resources.

These assumptions led the Committee to further propositions, *e.g.*, that ownership did not carry with it an unqualified right of user, and that restrictions could therefore be imposed without liability to pay compensation, so long as those restrictions did not extend beyond the obligations of neighbourliness.

The logical consequence of the Committee's assumptions and propositions would seem to be complete nationalisation of land. The Committee rejected this solution, however, on grounds of impracticability ; the political controversy which would result ; the delay and the magnitude of the financial operations involved, and the complicated administrative machinery necessary.

The Uthwatt Report discussed development value in some detail. It found that it was necessarily a floating value, and that it was impossible to predict where it would settle ; that the compensation payable on purchase, or on the restriction of development of land, when based on individual loss of value, greatly exceeded the total loss of the claimants taken as a group ; that restriction and planning had the effect merely of shifting values—increasing the value of some, and decreasing the value of other, land.

The recommendations of the Committee sought to eliminate the adverse effect on the State of floating values when treated individually, and of preserving to the State the benefit of a shifted value. They found the means to achieve those ends by unifying in the State the ownership of development rights.

As regards all land outside built-up areas, the owner's right to develop was to be taken away as from a certain date and was to pass to the State. The freehold, leasehold or other interest in the land would remain the property of the owner for the time being, and he might use and dispose of the land as agricultural land or add to agricultural buildings, or to the amenities of existing dwellings ; but all other development would be prohibited except under licence. So soon as development was to be carried out on any land the State (having already acquired the development rights) would buy the owner's

interest by agreement or compulsorily ; nationalisation of the land concerned would then have taken place and the State would assume the position of a lessor granting a building or other lease for a stated length of term, subject to the payment of rent, etc., and other conditions. Compensation would be paid for severance, disturbance, and injurious affection to an owner's neighbouring lands when the " owner's interest " was bought.

An owner wishing to build a house for his own occupation on his own land might be licensed to do so, and in such a case the State would not acquire the owner's interest.

The acquisition of development rights was to apply to all the undeveloped land in the country outside built-up areas. It would exclude towns and villages, the undeveloped land within them, existing dwelling houses and land held therewith up to one acre, and also trade premises. Fringe land was not to be regarded as part of the town. The final decision as to the limits of town areas for the purpose of deciding what was to be excluded from the purchase scheme would rest with the Central Planning Authority without appeal. Owners of land would not be heard upon the question.

The thought occurred that the State having, by its acquisition of all development rights, eliminated the floating value thereof, might immediately create a new form of floating value which would arise in the area where development was directed, with the consequent improvement of the neighbouring agricultural value, but which would attach to the owner's interest.

The author of the proposals estimated that the amount of undeveloped land in the country was 40 million acres, of which only a small part had any building value. The development rights over the whole would pass to the State. There would, so far as the right to develop was concerned, be only one owner of all the undeveloped land throughout Great Britain. The State, as owner, would thus be able to control development in every part of the country. Town planning administration would no longer exist as at present understood. It would not be a local matter and the landowner would have no voice to object.

The compensation to be paid for the acquisition of the development rights as one sum was to be assessed for the whole of Great Britain. It would be called the General Compensation Fund, and would be distributed among the owners of the land having development value at the date of vesting. There was to be an additional supplemental fund to meet exceptional cases.

The General Compensation Fund would be adopted as an alternative to individual assessments of compensation in order to eliminate the floating value. It therefore (assuming that a proper assessment was possible) would secure that the State should not pay for something which it did not, or might not, get, but it clearly failed to compensate the landowner for some part of the value of his land which he had at present, but of which he would be deprived. The opinion was expressed in the Report that under a piecemeal valuation " between two and three times too much would be paid."

No compensation would be paid to landowners whose building rights had no value at the vesting date, but if and when development occurred thereafter on such land the State would take the price which the developer might be required to pay. Similarly compensation might be paid in some cases for rights which were never used.

Sir Harriss Firth, before the Barlow Commission, as " an intelligent guess, " estimated the cost of the whole of the development rights as somewhere " in the region of four hundred million pounds."

The Uthwatt Report proposed to exclude development rights in town areas, which would reduce the cost, and suggested that a better conception of the amount involved might be obtained by taking the past rate of development of undeveloped land outside town areas at 45,000 acres per annum, and the average value of development rights at £200 per acre. The resultant figure was nine million pounds as the average yearly value of development rights. The capital value would be found by applying to this a multiplier representing an appropriate number of years' purchase. In selecting the multiplier regard was to be had to the future prospects of the annual return being increased or decreased. The Committee said that those figures should be regarded as a " shot," and that in them no attempt had been made to shut out public demand in any of its bearings. Later in the Report the Committee suggested that in the settlement of the figure, value due to demand for land for public purposes should be excluded, but one of the members, Mr. James Barr (Vice-President of the Institution) dissented from this principle.

The Committee visualised that the General Compensation Fund would be fixed by the Government after taking expert advice, but did not suggest publication of the expert advice, or that there should be any opportunity of revising the amount of the fund if it were criticised by interested parties.

The Supplemental Fund was to meet exceptional cases, *e.g.*, land " dead ripe " for development. No land was to be considered " dead ripe " unless plans for development had been deposited before the 1st September, 1939, or it had been bought or leased for development shortly before the outbreak of the present war, and after the 1st January, 1938. In suitable cases a sum equal to the difference between the Award from the General Compensation Fund and the value of the development rights would be paid from the Supplemental Fund.

The distribution of the Fund involved a valuation of individual rights, which was to be made on the basis of the March, 1939, " ceiling." The Report suggested that the valuation should be made in the first instance by the District Valuer. Claimants would be entitled to make representations on the question of values, but there was to be no arbitration before the District Valuer, or any other person. There was, however, to be a right of reference from the District Valuer to the higher Officers of the Valuation Office. The division of the Fund among owners would presumably be based on a ratio of the General Fund to market value. The provisions might perhaps be worked out somewhat like the site value deduction under the Housing Acts.

The Report dealt with many matters affecting land in urban areas and compensation questions in relation thereto, but his scope, said Mr. Smith, did not extend beyond the development rights proposals. These were revolutionary in character and appeared to rest on certain assumptions, namely :—

(*a*) That the global figure to be arrived at under the scheme could be assessed on existing data without a separate assessment of the several interests of the landowners affected by it ;

(*b*) That such global figure would be greatly less than any figure reached by the assessment separately of the potential development value of each piece of land : and

(*c*) That a case existed for differentiating between the rights in respect of land of owners of undeveloped or agricultural land, and of owners of developed or urban land.

The scheme was a bold one. The ownership of all development rights by the State would overcome, by elimination, the betterment-compensation problem outside the towns. It should secure for the State betterment which was due to community influences. It would enable many of the recommendations of the Barlow Commission to be met. Boundary difficulties might be avoided and speculation in freehold land curtailed. It presented many advantages and would no doubt command a large measure of general assent, if it was calculated to do substantial justice to the persons affected and was practicable in its operation.

For the positive planning contemplated, control of the whole country was obviously desirable. Unification might secure to the State part, at any rate, of values which might perhaps, by planning, be shifted to other land. Other points, however, might well give rise to discussion. Some of them were :—

(*a*) Was the principle of a global figure right and also the elimination value due to public demand ?

(*b*) Could the proportion of value due to public demand be calculated ?

(*c*) Could the global sum be properly settled without public enquiry, or representation for landowners ? Should it be determined without consideration or knowledge of the aggregate value of individual owners' rights ? Should there be power to revise the global sum when the aggregate value of the development rights was known ?

(*d*) Might the work of settling and distributing the global sum be done by Official Arbitrators ?

(*e*) Were the provisions as to "dead ripe" land wide enough ? Land took a number of years to prepare for development. Should the participation in the Supplemental Fund be enlarged to include compensation in all cases where substantial outlays had been made in preparation for development, and should the 1938 date be placed earlier ?

The necessity for a Supplemental Fund emphasised that ordinary owners would receive less than market value.

The administration under the scheme would be important. It would be by the same body as that controlling planning, and management would be directed to forwarding the interests of planning.

There was no reference to authority for the State to expend moneys in the provision of roads, sewers and services to prepare land for development. The State would own a monopoly. The price of land under present conditions was kept down by competition between owners. Future competition would occur only between excluded land and State-controlled land.

The probable effect on house building had to be considered. Private enterprise in the field of development would be working under a universal leasehold system.

The scheme was a compromise and compromises sometimes failed to preserve the advantages of the systems they sought to eliminate. The one-sided method of settling compensation was disturbing. The question arose whether the vast extension of bureaucratic control which the Report envisaged was likely to achieve results that would make it worth while. If the scheme were wrong it would not be simple to abandon, as were the Land Values Duties of 1910. If it were adopted surveyors would have a large share in carrying out its operation. The proposals were certainly of great interest to surveyors.

MR. HUMPHREY RYDE (Honorary Secretary) reminded the meeting that Mr. Sydney Smith had been a member of the Barlow Committee, and had, therefore, special qualifications for speaking on that subject. Members were very fortunate in having him to open the discussion.

He believed the Uthwatt Report had received universal admiration, which was largely due, he thought, to the fact that a very brilliant Past President of the Institution had been a member of the Committee. He could see that gentleman's handwriting in various parts of the Report.

Personally he was in sympathy with the objects of the Report. He was not prejudiced against landowners, but landowners who were fortunate enough to have a tube railway constructed through their estate and who had done nothing whatever in connection with that tube railway were, he thought, sometimes receiving more than they deserved for their land.

It seemed to him that in one respect, and in one respect only, the proposal to fix a global figure resembled the proposal in the Coal Act of 1938 to fix a global figure for the purchase of royalties by the State. The purchase of the royalties had had an almost infinitesimal effect on the final cost of coal per ton, and he thought the same applied to the proportion represented by the site value in the cost of building a house. Doubtless there would be a great post-war demand for houses, but why should the landowner be the only person to be attacked. All sorts of people were making profits out of the building of houses, including builders, who sometimes made very high profits in a very short time, and the builder's own men who often contributed towards the high cost of building through restriction of output.

The man who purchased land on the outskirts of a town for hard cash, the purchase price including development rights or, at any rate, the building value of the site, seemed to be very harshly treated by the Uthwatt Report proposals, if the value of the land purchased piecemeal would be two or three times what it would be if the land were valued by the method proposed for ascertaining the global sum. Why should the individual who had paid hard cash for land, including the building value, have his compensation cut so that the true value of the land was made relative to the global sum ?

The total sum paid by the State for the coal royalties was £66,450,000. It might be interesting to remember that the coal-owners asked for £150,000,000. That sum was the result of valuation, and the sum of £66,450,000 was the award of the Green Committee. That Committee had had put before it all sorts of statistics, including, *inter alia*, the tonnages raised, the tonnages saleable, the tonnages raised which were not saleable, and the amount of the royalties in each district. There would be no such information available, so far as he could see, when the global figure in connection with the purchase of the development rights in land was estimated, and he thought the statement in the Report that in some respects the two matters were similar was difficult to understand.

In regard to the proposal to find a global figure which took into account not only the land on the outskirts of urban areas but all agricultural land as well, he would like to ask Mr. Nye whether he considered there was a precedent in the rule which had to be followed when making a valuation for rating, which was, that every property must be assumed to be vacant and to let. That made a big difference to the value for rating.

In reply to MR. H. E. SHERWIN (Vice-President) who asked what sum the Green Committee first proposed for compensation to the coal-owners, Mr. Ryde said he could not answer that question. The only information he could give on the subject was that the final figure was 15 years' purchase of the total royalties paid. That seemed to him a very low figure, especially as the value of money at the time that figure was fixed was on the 3 or 3½ per cent. basis.

MR. J. D. TRUSTRAM EVE (Fellow) thanked Mr. Sydney Smith for his address* and pleaded for a speedy decision by members on the question of the global figure and other matters in the Report.

In discussions in other places the most remarkable feature he found was the almost complete failure of people to make up their minds about the Report. It was now four months since it had been published and the Government were in process of reaching decisions. He suggested that speakers should be very definite in expressing their views, so that the Council and the special Committee which was still sitting on the Report would know definitely the general views of members and would receive concrete suggestions from them. They should say whether they were in favour of the acquisition of development rights by the State and whether or not they approved the global valuation; and their views should be communicated to the Government as soon as possible.

He thought the scheme for acquiring the development rights on undeveloped land should be considered in three parts. First, was it right for the development rights to be acquired? Secondly, in what way should they be acquired; and thirdly, how should they be ultimately disposed of when development took place. It was possible, he suggested, to approve the first, without necessarily agreeing with the proposals in the Report on the other two. He therefore asked first: "Is it right to acquire the development rights," and it seemed to him that the consideration fell under two heads. First, was the acquisition necessary in order to have complete town planning control, and there he found that the majority of surveyors thought that the acquisition was not necessary to attain this purpose, which could be obtained by ordinary town planning machinery.

Secondly, a much more important point which was brought out very clearly in the Uthwatt Report, namely, the difficulty experienced by local authorities in meeting their compensation bills for sterilising land outside towns for such things as the green belt, playgrounds, and so forth. That was a real difficulty and one not to be easily overcome. He was in favour of the acquisition of the development rights solely on the ground that it would ease the burden on local authorities in doing their planning outside towns. He thought, secondly, that consideration should be given to whether the total amount paid by the State for the development rights, with the addition of interest throughout the years, was likely to exceed the amount that local authorities would pay under the present law for acquiring or sterilising land, as and when they required to do so. No one could answer that question definitely, but he would say that, even if it was true that the original sum paid for the development rights exceeded, with interest, the aggregate of the sums that would be paid in the future under the present law for sterilising land, he still thought that the State should acquire the rights, because psychologically it aided planning to know that the cost was already paid.

With regard to the way in which it was going to be paid, that was another matter. He was strongly opposed to the global suggestion, because he thought it contrary to the fundamental principle which had always been adopted in the payment of compensation, that fundamental principle being to pay the owner's loss—defined as the market value at the time of the acquisition. That was where he disagreed with the Uthwatt Committee. They assumed the loss to be the loss on the final development of the land, and they said, as far as he could see, that if all the land in England was added up, the amount of value would not be that expected by all the owners, because more land was considered to have building value than would ever be built on. That was true, although the cause of it was another matter, but he maintained that the owners of those properties should receive at the date of acquisition their loss, and their loss was the sum for which they could sell the land at that date.

All members who dealt with rural values had clients who had bought farms for the purpose of farming them, and it might be that they had advised those clients to pay a higher price than the agricultural value in order to secure the farms. They were prepared to advise clients to pay those extra sums, because the land could always be re-sold for developing at the same price. That illustrated what the loss would mean to all clients of rural surveyors up and down the country.

* Mr. Sydney Smith was thanked by a number of subsequent speakers.

The Uthwatt Committee had in mind speculators who would barter land in order to make profits, but that was not the whole story. If legislation were passed to deal with the speculator, the landowners in the ordinary sense would suffer, and why should they? Therefore he suggested that the global method should be abandoned and the Acquisition of Land Act be retained for the acquisition of the rights piecemeal, the payment to each owner being assessed according to his loss.

He had not understood the terms "floating value" or "shifting value" until he read the Uthwatt Report, which he considered to be wonderful in the way it had analysed the problems of compensation and betterment. The chapter on betterment occupied 30 pages of the 180 pages and was well worth reading. To one extent he criticised the chapter on floating and shifting value. The Committee referred to value floating and said no one knew where it would settle. He suggested development rights did not settle or float. That was the doctrine of Henry George at its worst, and was out of date. It applied to the time of horse traffic, but nowadays, what generally happened was that a speculator was clever enough to persuade an owner to sell land, whether near a town or five miles away, and the development started there because he made it start there.

Another reason why people disliked the acquisition of development rights by the State had reference to their ultimate disposal. The Uthwatt Committee suggested that the ultimate disposal should be by leasehold. He thought it unnecessary to decide that point one way or the other before deciding whether the rights themselves should be acquired. It seemed to him that there were only two ways of dealing with them when they had been acquired. One was to sell them, when development was necessary, to the man who owned the freehold, but he obviously could not be forced to develop; therefore there must be provision for allowing someone else to develop. The rights could be sold either to the freeholder or to an alien (the freehold having been acquired for him) or, as was suggested in the Report, a leasehold scheme could be produced. The advantage of a leasehold scheme was that the ownerships would not be broken up into uneconomic shapes if the State retained the control and freehold, but he could think of no other advantage. With regard to the disadvantages connected with Government ownership and administration (the matter was one of politics, which he could not raise at an Institution meeting, but he felt bound to mention it, because it was in the minds of everyone when considering nationalisation), there was the question whether administration by Government Departments would be satisfactory. The dislike of the community for living in leasehold houses must also be considered. Personally he thought it unnecessary to adopt the leasehold method.

Mr. K. E. B. Glenny said that members of the Institution were the people who should discuss the Uthwatt Report. As a chartered body they had the whole of the community, as a body, for their clients, and the individual members of the community as their individual clients, and, as professional men, they had to advise those clients. They had to look objectively at the subject under discussion; to cast aside any question of politics and look the matter squarely in the face. If they thought that nationalisation, either of land or of some interest in land, was the right policy for the community, their clients, they should say so. If, on the other hand, they considered it was not the right policy, equally they should say so.

He suggested three things were required: first, that all land should be put to its highest national use; secondly, that such of it as was required for the public use should be readily available, at a fair price; and, thirdly, that certain ingredients of the price should be eliminated. That was really all that the part of the Uthwatt Report now under discussion sought to do.

The proposals made in the Report to meet those three objects were, first, the establishment of a Central Planning Authority; secondly, the acquisition of development rights in undeveloped land, and, thirdly, the pernicious global valuation.

He thought everyone would agree that a Central Planning Authority must be established. It was the duty of the Government to determine to what use land should be put, and for that reason he was glad to see that the Town and Country Planning Act had been recently passed, because a Central Planning Authority or its equivalent would at long last be set up, and, it

having been set up, he hoped the Government would be urged to set it to work immediately to determine in all respects what the future development of the land in this country should be. It would have to take into account the agricultural position, the industrial position, and all the various material facts. The Uthwatt Committee went, however, further and suggested that the Authority, or one of its children, a Commission, should be responsible for dealing with all undeveloped land. That was where he and, he thought, Mr. Eve and many other surveyors parted company with the Uthwatt Committee. Their experience of Government handling of land was unhappy, and, while the Authority would have as its primary object planning, it would keep to that, and its secondary but equally important object of disposing of land would be relegated to the rear. It seemed to him that to hand over development rights to that Authority would put a dead hand on future development. The country should be allowed to determine how it wanted the land used, but it should not be allowed to say how that was actually to be carried out.

With regard to the question of fair price, reference had been made to shifting value and floating value. The whole purpose of the Uthwatt Report was to eliminate the " many times over " in the price, but he could not agree that that " many times over " had been paid, and that was why he thought the Uthwatt Committee was misdirected. He thought that, as self-respecting surveyors, members could not subscribe to that doctrine. They had their own means of discounting floating value, such as developer's profit, deferment, and other things by which they wrote down the value of land when there were great uncertainties attaching to its development.

He suggested that, in place of the acquisition of development rights and thereafter their disposal by the Central Planning Authority, a return should be made to the proposals of 1910 and there should be a capital increment value. Surely it would be possible for all land to be valued as at March, 1939, or immediately on the signing of the armistice, or some other agreed date (the date really did not matter much), and the value arrived at would be the basic value of the land for purposes of death duty, compulsory acquisition, and all other purposes for which it might be brought into account. It would not be a fixed value for all time but the fixed value as at that date, and any movements from that date would be readily assessed. There could be a revaluation when any of the occurrences to which he had referred took place, but then one would revert to the " Domesday " value, and the difference between those values would represent the capital increment, allowance being made, of course, for the capital which had been put into the land between those two dates by the owner himself, and other incidents which influenced the value apart from the community value. The capital increment should be subject to tax at the rate of tax prevailing at the date of sale. He had never been able to see why capital profits should not be just as taxable as revenue profits, and he thought the fact that they were not taxed was one of the grievances of the public with regard to the land-owning community, who made capital profits on which, unless the land-owners were a land-owning company and trading as such, they did not pay tax. If the increment value was repaid to the State in the form of tax, he thought a great deal of the difficulty in which the land-owners found themselves to-day as far as the public were concerned would be eliminated. It would also do away with the hideous global valuation, which seemed to have been based almost entirely on an analogy to the Coal Act. 1938. He did not understand how coal could be compared with land. Coal was a movable article, a chattel; once it had been won it was movable, but land was entirely immovable. Lack of coal in one particular spot could be made up by transporting coal from another place but land could not be transported. Therefore to compare land with coal seemed quite impossible.

It was suggested that some fictitious rate of progress in development should be taken, so many acres a year, and it was not suggested that it should be divided between housing, industrial, riverside, mineral land, gravel pits and the like; but the £200 per acre flat rate was to be adopted for all those different purposes. It was the most glaring example of crude statistics it was possible to find.

He would like to suggest that, in order to overcome the difficulty, if it still existed, of " two or three times over " in valuing, the valuation should be placed in the hands of the Official Arbitrators, who

should each be given a zone of influence. That zone would have as its centre the nearest place of intensive development, in other words, the nearest town. The zone might be a circle or any geometrical shape, but it would extend on all sides of the centre of density to the limit of development rights, in other words, to the edge of the purely agricultural development, and the Official Arbitrator would be instructed to value that land as in one ownership. There would then be no question of competition between one owner and another, and the floating value would not exist, because the public demand would be established. The division between the various owners could then be made, and each piece of land would, of course, retain its previous tenure, easements, restrictions and the like. In that way the floating value would be eliminated and at the same time each owner would be given a fair valuation as between himself and the adjoining owner.

He was bold enough to make the following suggestions: Tear up development rights, a child without parents, and trample on global valuations; put the Central Planning Authority to work immediately to determine what the use of the land should be in the future; value all undeveloped land as at an agreed date under the zonal system he had suggested; impose a capital increment value duty based on that valuation; and then, as development took place, bring the developed land into the urban proposals which were under discussion. He suggested that by that means there would be real planning and control of development, land would be provided for the public at reasonable prices, the State or the community would be given a proportion of the unearned increment, and good private enterprise would be left to provide what the public demand showed to be required.

MR. H. C. POWELL (Fellow) said that, having studied the Barlow, the Uthwatt and the Scott Reports, he thought that any study of the question of land must be based not, as was done in almost every case, on evidence given by national bodies, but on evidence by regional bodies. He did not share the apparent desire to run everything on a national uniform basis and so do away with highly desirable individuality. What might be right in one region was totally and obviously wrong in another.

The proposals in the Uthwatt Report might work admirably if one could imagine a nucleus or centre with gradually diminishing values reaching out into the country in a perfect circle, development going out equally in all directions, but then many other systems might work equally well. It was a pity that more representations were not made regionally, and that the Uthwatt Report was based on personal experience and national evidence. The only regional evidence given to the Uthwatt Committee was by two Scottish boroughs, the Aberdeen Corporation and the Glasgow Corporation, and by a body called the West Midland Group of Post-War Reconstruction and Planning. That evidence, together with the evidence given by the London City Corporation and the London County Council, was the only regional evidence taken.

He thought the proposal for the expropriation of development rights might work quite well under certain circumstances and in certain areas. Mr. Powell quoted, however, the example of the land south of the South Downs between Brighton and Portsmouth, an area of nearly 250 square miles, practically every inch of which was building land and carried a substantial building value. The question of who was going to settle how that area should be developed was a very important one and he maintained that the people who at present owned land there would, under the Uthwatt Report proposal, be subjected to an injustice of such an order that the scheme could not be worked without causing such friction as to defeat it.

The difficulties and the dislike of the public for development could be largely overcome, he thought, by a discreet use of the idea of the pooling of ownerships, combined with the idea of dividing the functions of development between the original owner, the developer of the land, the layer-out of the roads and sewers and frontages, and so on, and, in the final stages, the builders upon those frontages. He believed that if a system were adopted by which no development could be undertaken except in large units and if statutory companies of a special kind were promoted to buy the land from the owners and those companies paid tax on their profits, thus doing away with any question (and it was a very serious question) of large sums of money being made and not taxed, and if finally, except in exceptional circumstances, arrangements were made to re-sell to builders in parcelled-out frontages, the proposals of the Uthwatt Committee would be unnecessary, and the result required could be produced without the extraordinary difficulties which the Uthwatt proposals would introduce. He could not imagine

that they would suit the conditions which existed on the outskirts of Hastings and elsewhere, with their hopeless hotchpotch of developed and undeveloped land.

MR. J. P. RHYS (Fellow) said he thought the Uthwatt Report should be taken very seriously. What was that Report? Was it the Report of a Committee appointed to suggest alternative methods of overcoming some of the difficulties and troubles of the past, or was it the Report of a Committee appointed to see whether the proposals made to the Barlow Commission for the acquisition of development rights would work? If it was the latter, as the Uthwatt Committee had decided that such a scheme would work, the Report must be taken very seriously indeed, because it must be assumed that it had official backing.

The next question was: "What is it all for? What is wrong?" The first thing that was wrong was complaint by the general public of the profits made by developers. They heard a little about what happened here and there, and at a local debating society meeting someone talked about the price of land on the Great West Road, forgetting that local authorities had had power for 34 years to acquire road frontages to stop that sort of thing. People got a bit of information and that led to public indignation. Members, as professional surveyors, were meeting to decide whether the Uthwatt proposals were an answer to the problems with which they had to deal—an extremely difficult and involved question to decide. One could say that the scheme would not work but it was not so easy to produce a scheme which would work as well or better. Destructive criticism was always easier than constructive criticism.

He thought it was fair to criticise the Uthwatt proposals on the ground that they would create a large scattered estate vested in the Government, and, from past experience of administration of town planning and other matters, the question was whether Government Departments and local authorities had created such confidence that one would be prepared to hand over to them the planning, development and leasing of all the undeveloped land in the country. The Government Departments which would be running this vast leasehold estate would have an anomalous task. They would be faced with the difficulty of having to plan land and having to get the best ground rents they could when they let it on lease. In that connection, he would like to refer to Mr. Trustram Eve's remark as to local authorities not having to bother about cost when they were planning. The point which troubled him was that when one was planning for a local authority one found one must never do anything which would hinder increase of rateable value. If that was so now, could it be said that in the future it would be possible to plan without regard to values just because the values were vested in the State? Would not the Authority responsible or the Treasury or some other body tell the planner; "You cannot do so and so, because it would destroy an item of value from which we are going to get very handsome ground rents?" Therefore one returned to the original position, that the person who developed, whether private individual or Government Department, had to consider land values when planning.

Another point to be faced was that a large new vested interest would be created in the building corporations, which presumably would take up the State leases, and he could not help feeling that the bigger the combine the better its chance of obtaining a State lease.

A prime difficulty with regard to housing was that about 80 to 90 per cent. of the cost of housing was attributable to wages. The Uthwatt Committee's proposals did nothing whatever about that.

Another point which he thought members should seriously consider was whether, as professional men, they were prepared to face up to the theory that the State should be able to expropriate one man in order to hand his property over to another who would make a profit out of it.

With regard to the general question of confidence, he thought confidence was seriously undermined by one or two points in the Report, one of which was the complete lack of any provision for owners to be allowed to argue whether land was inside or outside town areas. At present, for many years past, public inquiries had been held in similar circumstances, a form of justice which had given a good deal of satisfaction. The suggestion that they should be done away with did not inspire confidence. Again, it was suggested that District Valuers should apportion the global sum among owners without any right of appeal except a reference to higher officers of the Valuation Office. He thought that that was putting too much on the shoulders of the District Valuers.

Another point which caused lack of confidence was that an owner would not know that his property had been taken until it had actually been taken. He had no right of appeal. He might see an announcement in a newspaper about it or a notice might be put through his letter-box saying that his property had been transferred to the State.

Mr. Glenny's scheme had interested him very much, and he would like to make one comment upon it. In his younger days a point which troubled surveyors and, he believed, went far to wreck the Lloyd George scheme, was the extraordinary difficulty of deciding what was land and what were improvements. Another trouble was that crops were not land, but where did the crops stop? Did they stop on the surface of the land, or did one go down to the roots, and how deep did one go? That difficulty had been realised by the Uthwatt Committee, as would be seen in the details of their proposals with regard to a 75 per cent. levy on increases in land values.

Finally, he thought the global valuation was suspect, because the whole basis would be altered in favour of the purchaser. Death duty valuations were to be entirely disregarded, and it must be remembered that much of the present trouble had been brought about by the breaking up of the great estates, largely by the incidence of death duties. So the State, having been instrumental in breaking up the large estates, was to be given by the Uthwatt Report some alternative means of escaping the difficulty it had itself created. Other valuations, as Mr. Eve had pointed out, especially in regard to agricultural land, must be disregarded. A new basis would be created, which would be favourable to the purchaser, not only because past valuations would be disregarded but also because, in valuing, one would have to disregard the value to the purchaser himself, *i.e.*, the value from public demand, so that one of the potential purchasers would be entirely disregarded.

As to suggested methods of calculating the global valuation, some figures were given on one page of the Report, but it was almost impossible to discover what the result would be. It was, however, outside the terms of reference of the Uthwatt Committee, so that possibly they were not as careful about it as they might have been.

Mr. J. G. Elsworthy (Fellow) said that the Uthwatt Report had been informally discussed at a meeting of his Branch, at which a distinguished American surveyor was present. They had asked him how the problem was dealt with in the United States, and he replied: "This problem does not "really arise in the United States, because if a man makes a profit, whether it "is out of land or buildings or stocks and shares, he is charged the appropriate "tax on his profit." Personally he thought that was a far simpler and more satisfactory solution than that put forward in the Uthwatt Report, which would defeat its own ends owing to the very complicated system of valuation it advocated.

People often said that, if they were fortunate enough, they could buy railway shares at 85 and sell them at 100, and there was no question of their paying any tax on that profit, but if they bought land at £50 and sold it at £200 an acre, the State thought it should share the profit. Personally he thought the State was right, and he suggested that there should be a uniform tax on profit of a capital nature. In the majority of cases the increase in value was due to some action of the State, and tax should be charged at the appropriate rate, whether it was 10, 50 or 75 per cent.

Mr E. C. Strathon (Fellow) agreed that there should be a Central Planning Authority and that the development rights should be purchased, particularly because the Authority must have complete control over the multitude of private interests and compensation, an obstacle which in part had prevented the carrying into effect of the Bressey Report.

Mr. Eve did not like the global sum, but personally he felt it should be

accepted; for the following reason: if compensation were paid under the 1919 Act, under which fair compensation would be paid to individual owners, it would be taking into account the "floating value" and, that being so, he did not think it was in the public interest. If the global sum were not accepted, he felt there might be strict town planning control, such as had been mentioned, without compensation, and, in advising landowners, he would say: "Global rather than nil." He thought that stage had been reached.

As a pointer since the 1919 Act, there had been the Compensation (Defence) Act, 1939. Did that compensate for the loss suffered by the occupier? There had also been the War Damage Acts, 1941-1942. Would the occupier get his full value at the end of the war on the March, 1939, basis? If landowners asked for what they thought was fair individual compensation he did not think they would get it, and they might be driven to nil. Section 19 of the Town Planning Act had not yet been strictly operated by any town planning authority, but if it were it would be very injurious indeed to many landowners. He was thinking particularly of after the war, when land which had been worth £800 an acre pre-war might have gone down to £150 an acre, because of directions that that land should not be used for the purpose which was expected before the war. Every member knew how, even to-day, town planning had affected values by the stroke of a pen. Even in London there were depreciated values owing to town planning restrictions. Therefore he feared it was "global or nil."

MR. A. W. CRAMPTON (Fellow) referred the meeting to a letter from himself which appeared in the *Builder* for 15th January, 1943, adding, in support of land nationalisation, that he discerned in the political atmosphere an impending change.

MR. WILLIAM BELL (Fellow) was against the global valuation, which he considered to be the thin edge of the wedge of nationalisation. The global sum would be fixed and the whole country, with the exception of the towns, bought up from the development standpoint.

Then, with the tendency, which would doubtless continue, for towns and communities to move to other spots, the State would own the development rights of the new towns, leaving only the developed land of the towns already built outside control. Parliament would therefore be given an opportunity to say: "Why should the State own part—two-thirds or three-quarters—of the whole of England? There are these developed places where the State does not own the development rights. It needs only an Act of Parliament for it to control the lot."

MR. W. M. BALCH (Fellow) agreed with Mr. Trustram Eve. He felt that people who had considered the problems raised by compensation-betterment could not fail to agree that the acquisition of development rights would be a very neat solution of those problems.

With regard to the global valuation, however, he asked what evidence there was that, if compensation, assessed as under the 1919 Act, were paid, the State would be paying more than the value?

The reasons given in the Report were plausible, and no one had criticised them. Was it to be understood that everybody present believed it to be impossible, in valuing the rights, to make proper allowance for the elements of risk floating and otherwise. He could not believe that. He thought many of them would be bold enough to say that they could make a proper adjustment and that no difficulty would arise in paying compensation on the basis on which they had always expected it to be paid.

It had given him great pleasure to read the Report, which was an ingenious exercise in the theory of valuation.

CAPT. E. C. TROTMAN (Fellow) thought all members agreed that the trend of general conditions showed that something in the nature of the proposals in the Uthwatt Report would be necessary after the war. That being so, in the absence of anything better, the global basis must be adopted, but it should not be hidebound.

It should be fixed by a competent authority, based on a valuation as at 1939, but should only act as a guide. Further, he thought that owners should have a definite right of appeal to the Official Arbitrator if they were unable to agree with a valuation fixed on the basis of the global figure and—perhaps even more important—they should also have a right of appeal to the Official Arbitrator on the question whether their land should or should not be included in the scheme.

CAPT. MONTAGU EVANS, M.C. (Fellow) said that the acquisition of development rights was, as he visualised it, a form of nationalisation of land. It was very nearly complete nationalisation of the particular kind of land in question, because, coupled with the acquisition of development rights, was the right to buy the freehold when the land was to be developed. He was definitely in favour of the acquisition of development rights if the Government lacked the courage to go all out for nationalisation. The Uthwatt Report thought the latter raised too many difficulties, but in his experience anything worth achieving was always difficult to achieve, and he thought that if the principle of the acquisition of development rights could be applied to undeveloped land, it could, with modifications, be applied to built-up areas.

He was equally definite, however, in being opposed to and condemning in no uncertain terms the global valuation. He had always thought that the floating value was to a very great extent a myth, and he agreed with Mr. Balch that members, as surveyors and valuers, ought not to admit that they could not value the whole of the development rights in this country on a reasonably sound basis, making allowances, where necessary, for the somewhat mythical floating value.

If the Government adopted the global principle, they would be in effect purchasing from retailers at a wholesale price and selling back at a retail price. That was not just; in fact, hardly honest. If the Government wished to control land, as he thought they should, they could do so effectively only by the acquisition of the development rights, and possibly by complete nationalisation. There could be as much, and as strict, town and country planning as anyone could wish, but it would not give the complete control obtainable by the acquisition of development rights or by nationalisation. It should not be done, however, at the expense of one particular section of the community. The Government should pay proper compensation, and proper compensation must represent the loss suffered by the owner. There was no reason why it should not be done without great detriment to the country's finances, because payment could be made by the issue of bonds and not by means of money.

MR. A. C. ELLIS (Fellow) was concerned with the increment value. Having considered the recommendations of the Uthwatt Committee very carefully, he thought members could arrive at the increment or increase of annual value far better than they could arrive at the increase in the capital value of any particular property. Many of them had had experience of cases in which, owing to the change of policy of some local authority, the capital value of a property had immediately depreciated. Here Mr. Ellis quoted a personal experience where through the introduction by a local council of a halfpenny tram fare, in place of the existing penny fare, to the centre of a town, 90 per cent. of a row of freehold shops closed down.

Assuming that the increment in capital value had been paid prior to the introduction of the halfpenny tram fare, where was the equity?

He considered that, as between nationalisation and the nation deriving the benefit of any increment value, it would be far more just if the increment were based on the increase of annual value; it would be paid by the person who was the beneficial occupier and deriving immediate benefit from the expenditure. Where a property had improved in annual value, the occupier should pay the difference when the datum line had been formed. For instance, when the annual value of a shop had gone up from £100 to £200 a year, the shopkeeper should pay most of the difference above the datum line. It was necessary to arrive at a datum line, but he was not advocating the March, 1939, basis.

[*The discussion on the proposed Levy on Increases in Annual Site Value will be reported next month.*]